

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

ORIGINAL

UNITED STATES OF AMERICA

INDICTMENT

- v. -

15 Cr. ____

CHARLES A. BENNETT,

Defendant.

15 CRIM 020

COUNT ONE

(Securities Fraud)

The Grand Jury charges:

Background

USDC SDNY DOCUMENT ELECTRONICALLY FILED DOC#: DATE FILED JAN 15 2015
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1. At all times relevant to this Indictment, CHARLES A. BENNETT, the defendant, was an attorney licensed to practice law in the State of New York.

2. At all times relevant to this Indictment, the "Investment Fund" was a profitable privately-held investment fund based in Jackson, Wyoming, which was founded by an acquaintance of CHARLES A. BENNETT, the defendant, and was not open to outside investors.

The Scheme to Defraud

3. From at least in or about 2008 through in or about November 2014, CHARLES A. BENNETT, the defendant, perpetrated a scheme to defraud approximately thirty investors by soliciting millions of dollars of funds under false

JUDGE SWAIN

pretenses, failing to invest investors' funds as promised, and misappropriating and converting investors' funds to BENNETT's own benefit and the benefit of others without the knowledge or authorization of the investors.

4. To execute the scheme, CHARLES A. BENNETT, the defendant, solicited and caused others to solicit prospective investors based upon, among other things, his false and misleading statements that investor funds would be held by the Investment Fund and invested primarily in European real estate mortgage-backed securities or credit default swaps, with returns ranging from 6 to 25 percent or more over short periods of time.

5. In truth and in fact, as CHARLES A. BENNETT, the defendant, well knew, these representations were false. Notwithstanding his statements to the contrary, BENNETT never invested any investor funds in the Investment Fund or any other investment vehicle. Rather, BENNETT operated a Ponzi scheme in which he misappropriated investor funds and converted them to his own use and use by others, including by using investor funds to meet the periodic redemption requests of other investors.

6. In connection with this Ponzi scheme, CHARLES A. BENNETT, the defendant, solicited approximately 10 million dollars of investor funds, cumulatively, from more than thirty individual investors, most of whom were his close friends or family members. Throughout the scheme, BENNETT obtained

investor funds through, among other means, interstate wire transfers into bank accounts controlled by BENNETT in New York, New York.

7. As part of his effort to mislead investors and to perpetuate the Ponzi scheme, CHARLES A. BENNETT, the defendant, created fake and misleading documents which he sent to investors by e-mail, including (a) promissory notes purporting to document the principal amount of the funds provided to BENNETT by investors, as well as the "returns" or "interest" earned on those funds; and (b) account statements purporting to represent the amount of money held by the Investment Fund on behalf of BENNETT and certain of the investors.

8. Moreover, in order to induce new and continued investments, CHARLES A. BENNETT, the defendant, made false representations concerning the investment strategy and anticipated returns of the Investment Fund, including by promising certain investors in e-mail communications that they would receive returns in varying amounts of up to 33 percent within short periods of time.

9. Beginning in or about August 2014, the fraudulent scheme began to unravel when several investors contacted CHARLES A. BENNETT, the defendant, about redeeming their investments. On or about November 3, 2014, BENNETT wrote a lengthy handwritten note in which he admitted to perpetrating a Ponzi

scheme victimizing his close friends and family members.

Statutory Allegation

10. From at least in or about 2008 through in or about November 2014, in the Southern District of New York and elsewhere, CHARLES A. BENNETT, the defendant, willfully and knowingly, directly and indirectly, by the use of the means and instrumentalities of interstate commerce, the mails, and the facilities of national securities exchanges, used and employed, in connection with the purchase and sale of securities, manipulative and deceptive devices and contrivances, in violation of Title 17, Code of Federal Regulations, Section 240.10b-5, by (a) employing devices, schemes, and artifices to defraud, (b) making untrue statements of material fact and omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and (c) engaging in acts, practices, and courses of business which operated and would operate as a fraud and deceit upon investors, to wit, BENNETT solicited millions of dollars from investors based on false and misleading representations that he would use the money to purchase and sell securities when, in fact, BENNETT used the investor funds substantially for his own personal benefit and to

repay other investors.

(Title 15, United States Code, Sections 78j(b) and 78ff;
Title 17, Code of Federal Regulations, Section 240.10b-5;
Title 18, United States Code, Section 2.)

COUNT TWO

(Wire Fraud)

The Grand Jury further charges:

11. The allegations contained in paragraphs 1 through 9, above, are hereby repeated, realleged and incorporated by reference as if fully set forth herein.

12. From at least in or about 2008 through in or about November 2014, in the Southern District of New York and elsewhere, CHARLES A. BENNETT, the defendant, willfully and knowingly, having devised and intending to devise a scheme and artifice to defraud, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, transmitted and caused to be transmitted by means of wire, radio, and television communication in interstate and foreign commerce, writings, signs, signals, pictures, and sounds for the purpose of executing such scheme and artifice, to wit, BENNETT solicited millions of dollars from investors through the use of telephones, e-mail communications, and wire transfers, including the interstate transfer of funds into bank accounts controlled by BENNETT in New York, New York, based on false and misleading representations that he would use the money to

purchase and sell securities when, in fact, BENNETT used the investor funds substantially for his own personal benefit and to repay other investors.

(Title 18, United States Code, Sections 1343 and 2.)

FORFEITURE ALLEGATION

13. As a result of committing the offenses alleged in Counts One and Two of this Indictment, CHARLES A. BENNETT, the defendant, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(c) and Title 28, United States Code, Section 2461, all property, real and personal, that constitutes or is derived from proceeds traceable to the commission of the offenses.

Substitute Assets Provision

14. If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party;

c. has been placed beyond the jurisdiction of the court;


d. has been substantially diminished in value;

or

e. has been commingled with other property

which cannot be divided without difficulty,
it is the intent of the United States, pursuant to Title 21,
United States Code, Section 853(p), to seek forfeiture of any
other property of the defendant up to the value of the
forfeitable property described above.

(Title 18, United States Code, Section 981; Title 28, United
States Code, Section 2461.)



FOREPERSON



PREET BHARARA
United States Attorney

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(15 U.S.C. §§ 78j(b) and 78ff;
17 C.F.R. § 240.10b-5;
18 U.S.C. §§ 2, 981 & 1343;
28 U.S.C. § 2461.)

PREET BHARARA

United States Attorney.

A TRUE BILL



Foreperson.

11/13/15 - Filed Indictment
Re Case assigned to Judge Sullivan
Judge Gorenstein
USM